

**NEOS INTERNATIONAL LIMITED
(FORMERLY QML HOLDINGS LIMITED)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

NEOS INTERNATIONAL LIMITED

COMPANY INFORMATION

Directors C Roberts
H Totiger
N Williams
M Amersi (resigned 23 July 2020)

Registered number 10791247

Registered office Unit 3, Westside Park
Belmore Way
Alvaston
Derby
Derbyshire
DE21 7AZ

Independent auditors Edwards
Chartered Accountants
34 High Street
Aldridge
Walsall
West Midlands
WS9 8LZ

NEOS INTERNATIONAL LIMITED

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**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2020**

Introduction

The Directors present the Strategic Report for Neos International Limited and its subsidiaries (The Group) for the year ended 31 March 2020.

Business review

Neos International Limited is an engineering and manufacturing focused niche group of companies which support the world's leading OEM's and Tier-1's by providing an innovative engineering solution across multiple technology centres.

The Group's focus is on the use of advanced technologies - providing solutions to customers often complex and challenging problems. Group companies work to provide long-term support to their customers on a collaborative basis. Neos are recognised as an industry leader in providing its niche product to the Aerospace, Automotive, Nuclear, Defence, Composite, Rail and Space sectors.

The Group has enjoyed year on year growth and increased annual turnover. This can be attributed to the continued commitment of its dedicated and experienced team, the groups acquisition strategy, which has seen some new appointments, coupled with a strategic sales approach, and a market appreciative of a British manufactured quality product.

Due to rapid growth, the Group has restructured its finances to align to its future growth and acquisition strategies.

To further position the Group for future, Group has successfully rebranded the group and its operating companies to Néos. Rebranding has been well received by all the stakeholders.

Principal risks and uncertainties

Due to the highly developmental aspect to many of the groups services the principal risks to the group are in relation to controls around progression of employee knowledge and experience, estimates of project length, unforeseen delays due to the current COVID 19 pandemic and the potential for new technologies developed that can aid the group's productivity.

Financial key performance indicators

Key Performance Indicators used by the business include, but are not limited to, gross margin, employee costs, carriage costs, project turnaround days, debtor and creditor days and customer satisfaction. All of which are monitored by the directors monthly.

Future developments

The company are looking to continue to expand its variety of services and continue with its strategy to add businesses with excellent service lines and growth opportunities to the Group.

This report was approved by the board on 28 July 2021 and signed on its behalf.

H Totiger
Director

NEOS INTERNATIONAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2020

The directors present their report and the financial statements for the year ended 31 March 2020.

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £734,131 (2019 - £570,395).

There were no dividends issued during the year.

Directors

The directors who served during the year were:

C Roberts
H Totiger
N Williams
M Amersi (resigned 23 July 2020)

Future developments

Since the year end the group has continued to acquire new businesses in order to sustain growth and increase variety of its market services. The group continues to look for opportunities to invest both from within and externally to promote its market reputation.

NEOS INTERNATIONAL LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

Post balance sheet events

After the balance sheet date, the company acquired 100% of the share capital of 6 business. These being; 5th Dimension Tooling Limited, DEVA Manufacturing Limited, Niass Limited, Manchester Automation Limited, Absolute Composite Solutions Limited and Deepdale Engineering Co. Limited. Composite Manufacturing assets were purchased from Erimus Securites Ltd. The total consideration paid for all of these transactions was £5,967,063. QML Technologies India Limited, a company registered in India, was also incorporated following the balance sheet date, with Neos International Limited owning 98% of the share capital. In addition, Neos Titomic Limited, was incorporated following the balance sheet date, with Neos International Limited owning 49% of the share capital. Unless otherwise stated, all companies are registered in England and Wales.

The Directors believe there are no material uncertainties that call into doubt the Company's ability to continue as

a going concern and the accounts have therefore been prepared on the basis that the Company is a going

concern. In light of the current climate in relation to the COVID-19 pandemic the Directors have reviewed the

company's operational resilience and finances. In the short term cash holdings are sufficient to ensure adequate

cashflow for the foreseeable future. In the medium to long term, plans for, and the structure of, Neos International Limited are in place and continue to be reviewed regularly.

Auditors

The auditors, Edwards, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 28 July 2021 and signed on its behalf.

H Totiger
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NEOS INTERNATIONAL LIMITED

Disclaimer of opinion

We have audited the financial statements of Neos International Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2020 which comprise the Consolidated statement of income and retained earnings, the Consolidated and Company balance sheets, the Consolidated statement of cash flows, Consolidated analysis of net debt and the related notes, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

We do not express an opinion on the accompanying consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

The prior year financial statements have not been subject to audit. As such, our opinion does not extend to the corresponding amounts included within these financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NEOS INTERNATIONAL LIMITED (CONTINUED)

Basis for disclaimer of opinion

Timing of audit appointment

We were not appointed as auditor of the group until after 31 March 2020 and thus did not observe the counting of physical stocks at the end of the year. We were unable to satisfy ourselves by alternative means concerning the stock quantities held on 31 March 2020, which are included in the consolidated balance sheet at £1,949,442, by using other audit procedures. Consequently, we were unable to determine whether any adjustment to this amount was necessary.

Limitation of scope

In addition, due to insufficient audit evidence and being unable to satisfy ourselves by alternative means, we have been unable to conclude on the following areas of the audit:

- Taxation
- Fixed asset investments
- Stock and work in progress
- Other debtors
- Bank loans and overdrafts
- Accruals
- Obligations under finance leases and hire purchase contracts
- Other taxation and social security
- Operating lease commitments
- Other creditors
- Deferred tax
- Intra-group balances
- Opening balances

This limitation has arisen in part due to us as auditors being unable to contact the company's previous external accountant due to unforeseen health issues. Consequently, we were unable to determine whether any adjustments might have been found necessary.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

NEOS INTERNATIONAL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NEOS INTERNATIONAL LIMITED (CONTINUED)

Other information

The other information comprises the information included in the annual report other than the financial statements

and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to conduct an audit of the group and parent company's financial statements in accordance with International Standards on Auditing and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Opinion on other matters prescribed by the Companies Act 2006

Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have been unable to form an opinion, whether based on the work undertaken during our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

Notwithstanding our disclaimer of an opinion on the financial statements, in the light of the knowledge and understanding of the group and parent company and its environment obtained during the audit performed subject to the pervasive limitation described above, we have not identified material misstatements in the strategic report and the directors' report.

Arising from the limitation of our work referred to above:

- We have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- We were unable to determine whether adequate accounting records have been kept.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NEOS INTERNATIONAL LIMITED (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Group financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Mr David Webb (Senior statutory auditor)

for and on behalf of

Edwards

Chartered Accountants

34 High Street

Aldridge

Walsall

West Midlands

WS9 8LZ

28 July 2021

NEOS INTERNATIONAL LIMITED

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 £	2019 £
Turnover	4	12,705,363	7,616,767
Cost of sales		(8,260,807)	(4,449,982)
Gross profit		4,444,556	3,166,785
Administrative expenses		(4,950,300)	(3,036,812)
Operating (loss)/profit	5	(505,744)	129,973
Interest payable and expenses	9	(349,331)	(232,437)
Loss before tax		(855,075)	(102,464)
Tax on loss	10	1,589,206	672,859
Profit after tax		734,131	570,395
Retained earnings at the beginning of the year		486,823	(83,572)
		486,823	(83,572)
Profit for the year attributable to the owners of the parent		734,131	570,395
Retained earnings at the end of the year		1,220,954	486,823

The notes on pages 15 to 31 form part of these financial statements.

NEOS INTERNATIONAL LIMITED
REGISTERED NUMBER: 10791247

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	11	3,238,521	2,284,272
Tangible assets	12	2,583,291	2,531,707
		<u>5,821,812</u>	<u>4,815,979</u>
Current assets			
Stocks	14	1,949,422	1,212,676
Debtors: amounts falling due within one year	15	5,938,775	3,821,019
Cash at bank and in hand	16	346,149	133,183
		<u>8,234,346</u>	<u>5,166,878</u>
Creditors: amounts falling due within one year	17	<u>(10,974,646)</u>	<u>(6,932,021)</u>
Net current liabilities		<u>(2,740,300)</u>	<u>(1,765,143)</u>
Total assets less current liabilities		<u>3,081,512</u>	<u>3,050,836</u>
Creditors: amounts falling due after more than one year	18	(1,552,883)	(2,284,611)
Provisions for liabilities			
Deferred taxation	22	(213,348)	(185,075)
Net assets		<u><u>1,315,281</u></u>	<u><u>581,150</u></u>
Capital and reserves			
Called up share capital	23	300	300
Other reserves		102,500	94,027
Profit and loss account		1,212,481	486,823
		<u><u>1,315,281</u></u>	<u><u>581,150</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 July 2021.

H Totiger
Director

The notes on pages 15 to 31 form part of these financial statements.

NEOS INTERNATIONAL LIMITED
REGISTERED NUMBER: 10791247

COMPANY BALANCE SHEET
AS AT 31 MARCH 2020

	Note	2020 £	2019 £
Fixed assets			
Investments	13	12,441,655	11,241,655
		<u>12,441,655</u>	<u>11,241,655</u>
Current assets			
Debtors: amounts falling due within one year	15	78,993	128,589
Cash at bank and in hand	16	739	1,219
		<u>79,732</u>	<u>129,808</u>
Creditors: amounts falling due within one year	17	(11,986,166)	(11,038,994)
Net current liabilities		<u>(11,906,434)</u>	<u>(10,909,186)</u>
Total assets less current liabilities		<u>535,221</u>	<u>332,469</u>
Creditors: amounts falling due after more than one year	18	(525,000)	(325,000)
Net assets		<u><u>10,221</u></u>	<u><u>7,469</u></u>
Capital and reserves			
Called up share capital	23	300	300
Profit and loss account brought forward		7,169	6,373
Profit for the year		2,752	796
Profit and loss account carried forward		<u>9,921</u>	<u>7,169</u>
		<u><u>10,221</u></u>	<u><u>7,469</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 July 2021.

H Totiger
Director

The notes on pages 15 to 31 form part of these financial statements.

NEOS INTERNATIONAL LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

	Called up share capital £	Revaluation reserve £	Profit and loss account £	Equity attributable to owners of parent Company £	Total equity £
At 1 April 2018	300	94,027	(83,572)	10,755	10,755
Profit for the year	-	-	570,395	570,395	570,395
At 1 April 2019	300	94,027	486,823	581,150	581,150
Profit for the year	-	-	734,131	734,131	734,131
Transfer of reserves from share purchase	-	8,473	-	8,473	8,473
Purchase of own shares	-	-	(8,473)	(8,473)	(8,473)
At 31 March 2020	300	102,500	1,212,481	1,315,281	1,315,281

The notes on pages 15 to 31 form part of these financial statements.

NEOS INTERNATIONAL LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

	Called up share capital £	Profit and loss account £	Total equity £
At 1 April 2018	300	6,373	6,673
Profit for the year	-	796	796
At 1 April 2019	300	7,169	7,469
Profit for the year	-	2,752	2,752
At 31 March 2020	300	9,921	10,221

The notes on pages 15 to 31 form part of these financial statements.

NEOS INTERNATIONAL LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020

	2020 £
Cash flows from operating activities	
Loss for the financial year	734,131
Adjustments for:	
Amortisation of intangible assets	298,251
Depreciation of tangible assets	429,125
Interest paid	349,331
Taxation charge	(1,589,206)
(Increase) in stocks	(736,746)
(Increase) in debtors	(1,773,040)
Increase in creditors	2,616,607
Corporation tax received	1,272,573
Net cash generated from operating activities	1,601,026
Cash flows from investing activities	
Costs of raising finance	(1,252,500)
Purchase of tangible fixed assets	(70,614)
Net cash from investing activities	(1,323,114)
Cash flows from financing activities	
Repayment of loans	(151,945)
Repayment of/new finance leases	(364,692)
Interest paid	(349,331)
Net cash used in financing activities	(865,968)
Net (decrease)/increase in cash and cash equivalents	(588,056)
Cash and cash equivalents at beginning of year	(940,773)
Cash and cash equivalents at the end of year	(1,528,829)
Cash and cash equivalents at the end of year comprise:	
Cash at bank and in hand	346,149
Bank overdrafts	(1,874,978)
	(1,528,829)

The notes on pages 15 to 31 form part of these financial statements.

NEOS INTERNATIONAL LIMITED

**CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 MARCH 2020**

	At 1 April 2019	Cash flows	At 31 March
	£	£	2020
			£
Cash at bank and in hand	133,183	212,966	346,149
Overdrafts & trade loans	(1,073,956)	(801,022)	(1,874,978)
Debt due after 1 year	(1,112,657)	146,674	(965,983)
Debt due within 1 year	(806,589)	5,271	(801,318)
Finance leases	(1,488,882)	(45,403)	(1,534,285)
	<u>(4,348,901)</u>	<u>(481,514)</u>	<u>(4,830,415)</u>

The notes on pages 15 to 31 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

1. General information

Neos International Limited is a private company, listed by shares, registered in England and Wales. The company's registered number and registered office can be found on the company information page.

On 22 March 2021, the company changed its name from QML (Holdings) Limited.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of income and retained earnings in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of income and retained earnings from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 May 2018.

2.3 Going concern

The directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. They continue to believe that the going concern basis of accounting is appropriate in preparing the annual financial statements.

As stated in the Director's Report, Directors believe there are no material uncertainties that call into doubt the Company's ability to continue as a going concern and the accounts have therefore been prepared on the basis that the Company is a going concern. In light of the current climate in relation to the COVID-19 pandemic the Directors have reviewed the company's finances. In the short term cash holdings are sufficient to ensure adequate cashflow for the foreseeable future. In the medium to long term plans for, and the structure of Neos International Limited remain extant and will continue to be reviewed regularly.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.6 Leased assets: the Group as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.7 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.8 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.9 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.11 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated statement of income and retained earnings over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.12 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Freehold property	-	Estimate useful life
Plant and machinery	-	25%
Motor vehicles	-	25%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.13 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Balance sheet date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in other comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

2.14 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.15 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.16 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.17 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.18 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

2. Accounting policies (continued)**2.19 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2.20 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgments and estimates. The items in the financial statements where these judgments and estimates have been made include the following:

Investments

Investments are stated at cost, their carrying value is reviewed annually for impairment.

Goodwill

The useful economic life has been deemed as 20 years based on the directors judgment. The directors believe this policy to be adequate.

4. Turnover

The whole of the turnover is attributable to the principal business activity.

Analysis of turnover by country of destination:

	2020 £	2019 £
United Kingdom	11,869,180	6,965,941
Rest of Europe	55,626	650,826
Rest of the world	780,557	-
	<u>12,705,363</u>	<u>7,616,767</u>

NEOS INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

5. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2020	<i>2019</i>
	£	£
Amortisation charged as an expense	298,251	79,961
Depreciation	451,625	401,839
Other operating lease rentals	23,162	21,690
Defined contribution pension cost	128,702	58,532

6. Auditors' remuneration

	2020
	£
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	20,000

7. Employees

Staff costs, including directors' remuneration, were as follows:

	Group	<i>Group</i>
	2020	<i>2019</i>
	£	£
Wages and salaries	5,964,858	4,189,552
Social security costs	267,893	187,344
Cost of defined contribution scheme	128,702	58,532
	6,361,453	4,435,428

The average monthly number of employees, including the directors, during the year was as follows:

	2020	<i>2019</i>
	No.	<i>No.</i>
Employees	127	106

The Company has no employees other than the directors, who did not receive any remuneration (2019 - £NIL)

NEOS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

8. Directors' remuneration

	Group 2020 £	Group 2019 £
Amounts paid in respect of directors services	427,600	312,000
	<u>427,600</u>	<u>312,000</u>

9. Interest payable and similar expenses

	2020 £	2019 £
Bank interest payable	349,331	229,937
Other loan interest payable	-	2,500
	<u>349,331</u>	<u>232,437</u>

10. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	(1,617,479)	(672,859)
	<u>(1,617,479)</u>	<u>(672,859)</u>
Total current tax	<u>(1,617,479)</u>	<u>(672,859)</u>
Deferred tax		
Origination and reversal of timing differences	28,273	-
	<u>28,273</u>	<u>-</u>
Total deferred tax	<u>28,273</u>	<u>-</u>
Taxation on loss on ordinary activities	<u>(1,589,206)</u>	<u>(672,859)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

10. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2019 - *lower than*) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Loss on ordinary activities before tax	<u>(855,075)</u>	<u>(102,464)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(162,464)	(19,468)
Effects of:		
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(1,426,742)	(653,391)
Total tax charge for the year	<u><u>(1,589,206)</u></u>	<u><u>(672,859)</u></u>

Factors that may affect future tax charges

There were no factors that may effect future tax charges.

NEOS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

11. Intangible assets

Group and Company

	Costs of raising finance £	Goodwill £	Total £
Cost			
At 1 April 2019	-	2,367,536	2,367,536
Additions	52,500	1,200,000	1,252,500
At 31 March 2020	52,500	3,567,536	3,620,036
Amortisation			
At 1 April 2019	-	83,264	83,264
Charge for the year	22,500	275,751	298,251
At 31 March 2020	22,500	359,015	381,515
Net book value			
At 31 March 2020	30,000	3,208,521	3,238,521
At 31 March 2019	-	2,284,272	2,284,272

During the year, £1.2m was reclassified from other creditors to increase goodwill, in relation to deferred income paid on the acquisitions of Neos Automotive Limited and Neos Technologies Limited.

NEOS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

12. Tangible fixed assets

Group

	Freehold property £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation				
At 1 April 2019	1,164,320	6,740,236	47,687	7,952,243
Additions	-	480,709	-	480,709
At 31 March 2020	1,164,320	7,220,945	47,687	8,432,952
Depreciation				
At 1 April 2019	283,610	5,089,243	47,683	5,420,536
Charge for the year	54,503	374,618	4	429,125
At 31 March 2020	338,113	5,463,861	47,687	5,849,661
Net book value				
At 31 March 2020	826,207	1,757,084	-	2,583,291
At 31 March 2019	880,710	1,650,993	4	2,531,707

Cost or valuation at 31 March 2020 is as follows:

	Land and buildings £
At cost	1,061,820
At valuation:	
2009 revaluation	102,500
	1,164,320

NEOS INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

12. Tangible fixed assets (continued)

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2020	2019
	£	£
Group		
Cost	1,061,820	<i>1,061,820</i>
Net book value	<u>1,061,820</u>	<i><u>1,061,820</u></i>

13. Fixed asset investments

Company

	Investments in subsidiary companies
	£
Cost or valuation	
At 1 April 2019	11,241,655
Additions	1,200,000
At 31 March 2020	<u>12,441,655</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding
Quantum Manufacturing Limited	Ordinary	100 %
Neos Technologies Limited	Ordinary	100 %
Neos Automotive Limited	Ordinary	100 %

The registered office for Neos Automotive Limited is Units 10-11, Chelmsley Wood Industrial Estate, Waterloo Avenue, Birmingham, England, B37 6QQ.

The registered office of Quantum Manufacturing Limited and Neos Technologies Limited is Hockley Pattern, Lodgefield Road, Halesowen, England, B62 8AR.

NEOS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

14. Stocks

	Group 2020 £	Group 2019 £
Raw materials and work in progress	1,949,422	1,212,676
	<u>1,949,422</u>	<u>1,212,676</u>

15. Debtors

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade debtors	4,024,184	2,344,353	-	-
Amounts owed by group undertakings	-	-	-	105,123
Other debtors	1,864,591	1,461,666	28,993	8,466
Prepayments and accrued income	50,000	15,000	50,000	15,000
	<u>5,938,775</u>	<u>3,821,019</u>	<u>78,993</u>	<u>128,589</u>

16. Cash and cash equivalents

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Cash at bank and in hand	346,149	133,183	739	1,219
Less: bank overdrafts and trade loans	(1,874,978)	(1,073,956)	-	-
	<u>(1,528,829)</u>	<u>(940,773)</u>	<u>739</u>	<u>1,219</u>

NEOS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

17. Creditors: Amounts falling due within one year

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Bank overdrafts and trade loans	1,874,978	1,073,956	-	-
Bank loans	1,279,801	631,589	-	-
Other loans	175,000	175,000	-	-
Trade creditors	1,882,899	1,407,870	-	114,799
Amounts owed to group undertakings	-	-	11,292,164	10,916,655
Corporation tax	-	190	-	190
Other taxation and social security	1,061,374	867,322	-	-
Obligations under finance lease and hire purchase contracts	846,132	705,464	-	-
Other creditors	3,854,462	2,070,630	694,002	7,350
	<u>10,974,646</u>	<u>6,932,021</u>	<u>11,986,166</u>	<u>11,038,994</u>

18. Creditors: Amounts falling due after more than one year

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Bank loans	-	800,157	-	-
Other loans	312,500	312,500	-	-
Net obligations under finance leases and hire purchase contracts	688,153	783,418	-	-
Trade creditors	27,230	63,536	-	-
Other creditors	525,000	325,000	525,000	325,000
	<u>1,552,883</u>	<u>2,284,611</u>	<u>525,000</u>	<u>325,000</u>

Details of security provided:

Amounts within Bank and other loans are secured by way of a fixed and floating charge over the groups assets, Obligations under finance lease and hire purchase contracts are secured over the assets to which they relate.

NEOS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

19. Loans

	Group 2020 £	Group 2019 £
Amounts falling due within one year		
Bank and other loans	1,279,801	631,589
Other loans	175,000	175,000
Amounts falling due 1-2 years		
Other loans	312,500	312,500
	<u>312,500</u>	<u>312,500</u>
Amounts falling due 2-5 years		
Bank and other loans	-	800,157
	<u>1,767,301</u>	<u>1,919,246</u>

20. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2020 £	Group 2019 £
Within one year	1,021,132	880,464
Between 1-5 years	1,000,653	1,096,918
	<u>2,021,785</u>	<u>1,977,382</u>

NEOS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

21. Financial instruments

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Financial assets				
Financial assets that are debt instruments measured at amortised cost	<u>6,067,889</u>	<u>3,806,019</u>	<u>78,993</u>	<u>113,589</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>6,390,561</u>	<u>5,398,026</u>	<u>11,311,166</u>	<u>11,363,804</u>

22. Deferred taxation

Group

		2020 £
At beginning of year		(185,075)
Charged to profit or loss		(28,273)
At end of year		<u>(213,348)</u>
	Group 2020 £	Group 2019 £
Accelerated capital allowances	(213,348)	(185,075)
	<u>(213,348)</u>	<u>(185,075)</u>

23. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
300 (2019 - 300) Ordinary shares of £1.00 each	<u>300</u>	<u>300</u>

NEOS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

24. Capital commitments

At 31 March 2020 the Group and Company had capital commitments as follows:

	Group 2020	<i>Group 2019</i>
	£	£
Contracted for but not provided in these financial statements	369,528	-
	369,528	-

25. Pension commitments

The company operates a defined contributions pension scheme. The group had outstanding amounts owing related to pension contributions at the year end of £21,450 (2019: £9,755)

26. Related party transactions

All directors have authority and responsibility for planning, directing and controlling the activities of the company are considered to be key management personnel.

The company has taken advantage of the exemption conferred in section 33 A of FRS 102 not to disclose transactions with wholly owned subsidiaries.

During the year, professional services were charged to the group from companies in which the directors have shareholdings. These amounted to £139,600 (2019: £104,000) from CR Consult Limited, £144,000 (2019: £104,000) from Toti International Limited, £110,400 from SRL Finance Limited and £144,000 (2019: £104,000) from NJW Projects Limited.

27. Post balance sheet events

After the balance sheet date, the company acquired 100% of the share capital of 6 business. These being; 5th Dimension Tooling Limited, DEVA Manufacturing Limited, Niass Limited, Manchester Automation Limited, Absolute Composite Solutions Limited and Deepdale Engineering Co. Limited. Composite Manufacturing assets were purchased from Erimus Securites Ltd. The total consideration paid for all of these transactions was £5,967,063. QML Technologies India Limited, a company registered in India, was also incorporated following the balance sheet date, with Neos International Limited owning 98% of the share capital. In addition, Neos Titomic Limited, was incorporated following the balance sheet date, with Neos International Limited owning 49% of the share capital. Unless otherwise stated, all companies are registered in England and Wales.

28. Controlling party

The group is controlled equally by companies in which each of the directors have control.

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